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NEWS RELEASE

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PSC APPROVES EKPC TRANSMISSION LINE

Line to provide service to Warren RECC

FRANKFORT, Ky. (Oct. 31, 2005) – The Kentucky Public Service Commission (PSC) today approved East Kentucky Power Cooperative's (EKPC) proposal to build 97.5 miles of new electric transmission lines in south central Kentucky.

In an order issued today, the PSC said it was approving EKPC's application so that EKPC can meet its obligation to provide power by 2008 to the Warren Rural Electric Cooperative Corp. (Warren RECC).

The Commission noted that "in the typical situation, a utility will identify an area of potential transmission problems years in advance of the need for construction."

However, EKPC had little advance notice that Warren was planning to switch suppliers from the Tennessee Valley Authority (TVA), which currently provides power to Warren RECC, the PSC said. That limited EKPC's opportunity to comply with a Kentucky statute enacted last year that requires PSC approval of major transmission lines, the Commission said.

The PSC commended EKPC for locating more than half of the new line along existing transmission corridors. EKPC made a "good faith effort to identify, analyze and document its consideration of alternative line locations," the PSC said, adding that only a relatively few short segments brought objections from property owners.

In its order, the Commission put future transmission line applicants on notice that they should make every effort to work out issues with affected landowners before seeking PSC approval.

EKPC plans to serve Warren RECC by constructing four segments of 161-kilovolt line, totaling about 97.5 miles, in Barren, Butler, Ohio and Warren counties. About 47 miles of line would be in new right-of-way.

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Although a more thorough analysis of alternate line locations would have been preferable, the PSC said it recognizes that EKPC and other utilities are not fully accustomed to preparing transmission line applications under the requirements of a state law enacted only last year.

The time pressures on EKPC were increased when the TVA refused to grant EKPC access to its lines, the PSC noted. The need to complete the line by the scheduled date is understandable, and tips the balance in EKPC's favor, the PSC said.

In transmission line cases decided earlier this year, the PSC instructed applicants to comprehensively analyze alternative routes to avoid wasteful duplication of facilities. In today's order, the PSC offered further guidance for future applications.

The PSC noted that addressing complaints from individual landowners "has proved to be the most complicating factor in most of these cases to date." The vast majority of landowner concerns can and should be addressed before an application is filed, the PSC said.

"This requirement does not mean that the complaints must be satisfied, just that the utility must make a good faith effort to identify and resolve them," the PSC said.

Today's order also set forth guidelines for the exchange of information by parties to transmission line siting cases.

The order and related documents are available on the PSC Web site: psc.ky.gov. The case number is 2005-00207.

The PSC is an agency within the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 110 employees.

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